



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 15, 2005

H.R. 125

A bill to authorize the Secretary of the Interior to construct facilities to provide water for irrigation, municipal, domestic, military, and other uses from the Santa Margarita River, California, and for other purposes

As ordered Reported by the House Committee on Resources on May 18, 2005

SUMMARY

H.R. 125 would authorize the Secretary of the Interior to participate in the design, planning, and construction of facilities to make water available from the Santa Margarita River for domestic and military uses. The act would authorize the appropriation of \$60 million to build the project and such sums as are necessary to operate and maintain it. H.R. 125 would terminate the authority for this project 10 years after the date of enactment of this legislation.

Assuming appropriation of the necessary funds, CBO estimates that implementing H.R. 125 would cost \$55 million over the 2006-2010 period and an additional \$9 million after that period, including adjustments for anticipated inflation. If funds were appropriated to implement this legislation, there would be an increase of offsetting receipts to the federal government of about \$2 million a year for 40 years starting in 2011. (Such offsetting receipts are a credit against direct spending.) Assuming funds are appropriated to build this project, local users would be required to repay about 40 percent of construction costs.

H.R. 125 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 125 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					
	2006	2007	2008	2009	2010	2011
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	0	6	19	19	20	0
Estimated Outlays	0	4	14	17	20	7

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 125 will be enacted near the start of fiscal year 2006 and that the necessary amounts will be appropriated over the 2007-2010 period.

Based on historical spending patterns of similar projects, CBO estimates that implementing this act would cost \$55 million over the 2006-2010 period and an additional \$9 million after that period, including adjustments for anticipated inflation.

H.R. 125 would authorize the Bureau of Reclamation to construct a water recharge and recovery system that would benefit the Fallbrooke Public Utility District and the Marine Corps Base at Camp Pendleton in California. Currently, the feasibility study for this project is in the early stages of development and will not be completed until 2006. For this estimate, CBO assumes that construction would begin in 2007 and would be completed in 2011.

Since the scope of the project is unclear, CBO cannot estimate the amount of funding needed for operations and maintenance. Any funds appropriated for operations and maintenance would be offset by payments to the Treasury from the district, except for those costs allocated to Camp Pendleton. CBO expects that money would not be appropriated for this purpose until after 2010. The bureau has the authority to transfer the operations and maintenance of the project to the district or another entity if an acceptable arrangement can be established.

Once water is first made available, the district would begin repaying its share of the capital costs of this project. Based on information from the bureau, CBO expects that the district would be responsible for repaying about 40 percent of the total cost of the project or about \$26 million, assuming adjustments for anticipated inflation. If funds were appropriated to implement this legislation, that would result in an increase of offsetting receipts to the federal government of about \$2 million a year, including interest, for 40 years starting around 2011. That change in direct spending is not credited to H.R. 125, however, because the receipts are contingent upon future appropriation action.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 125 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Enacting this bill would benefit the Fallbrook Public Utility District; any costs that it might incur in association with the authorized project would be incurred voluntarily.

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